

Business report for Fiscal Year 2012

(From April 1, 2011 to March 31, 2012)

Turn the delight into reality >>

 TOKAI RIKAI

TOKAI RIKAI CO.,LTD.



Kiyoshi Kinoshita

Chairman of the Board

Yuzo Ushiyama

President

Tokai Rika is grateful to its shareholders for their continued support.

In this business report, we present the Company's business results for fiscal year 2012 (from April 1, 2011 to March 31, 2012) and report on the challenges and opportunities ahead.

Review of Operations

In the fiscal year under review, overall growth of the emerging economies slowed somewhat. However, China and India continued to achieve high growth rates supported by robust domestic demand and led the world economy. Meanwhile, the performance of the advanced economies was undermined, albeit temporarily, by the European sovereign debt crisis, the Great East Japan Earthquake, and the flooding in Thailand, etc. However, economies returned to a moderate recovery track after the midterm once concerns about the sovereign debt crisis abated somewhat and the demand for reconstruction in the aftermath of the earthquake took off. The performance of the world economy improved overall despite these various setbacks.

In the automotive industry, auto sales volumes in the U.S. showed year-on-year growth in line with signs of economic recovery, and continued to grow strongly in China and India whose economic growth rates, although less vigorous than in the previous year, remained high. In Asia, sales volumes soared as markets expanded, with flood-affected Thailand being a notable exception. On the other hand, sales volumes decreased slightly in Europe, where the economic situation is unstable, and in earthquake-stricken Japan. Worldwide sales volumes slightly exceeded the previous year's level as sales declines in Europe and Japan were offset by rising sales in the U.S. and in emerging economies.

Under such circumstances and in response to the expansion of the compact car market, a shift to emerging economies, the strong yen, the earthquake in Japan, and the flooding in Thailand, while endeavoring to overcome changes in the operating environment, intensifying competition, and climate unconducive to profit-making, and achieve further growth, the Tokai Rika Group focused on four key themes: quality, new product development, prevailing in Asia, and reinforcing the management constitution. With regard to quality, we strengthened initiatives to prevent major trouble including efforts to eliminate the quality risk at upstream departments. In new product development, we sought to anticipate future needs. Measures to prevail in Asia included establishment of a new company in Indonesia and a new plant in Brazil to capture vigorous demand in emerging economies centering on Asia. To reinforce the management constitution, we pursued the optimum allocation of resources for growth and continued initiatives to reduce fixed costs by thoroughly eliminating "waste," "inconsistency," and "unreasonableness."

Challenges and Opportunities

In view of the shift of the center of gravity of the global automotive market to the emerging economies as well as the uncertainty over the scale of automobile sales given the sluggish European economies and the possibility of sharp increases in oil prices, the Group expects fierce price competition to continue and profits to remain hard to secure. In order to overcome this adverse situation and achieve further growth, the Group is determined to complete the initiatives corresponding to the four key themes of the growth strategy—quality, new product development, prevailing in Asia, and reinforcing the management constitution—and position them as the Group's strengths through further development. For quality, we are strengthening our initiatives to prevent major trouble and will inculcate them in our operations worldwide through horizontal deployment. In new product development, we are concentrating on next-generation products optimized for mass production and capable of driving sales upward. To prevail in Asia, we are determined to capture demand in the rapidly growing markets of the emerging economies by

Regarding financial results for the year under review, net sales decreased 8,045 million yen or 2.5% year on year to 319,577 million yen. Despite the Group-wide cost reduction initiatives, ordinary income decreased 5,081 million yen or 25.3% to 14,977 million yen owing to the strong yen. Net income increased 2,889 million yen or 55.2% to 8,123 million yen, partly because the Company recorded provision for product warrants as an extraordinary loss in the previous year whereas no such loss was recorded for the year under review.

The Company paid out an interim dividend of 14 yen per share in November 2011. The year-end dividend was 16 yen per share. As a result, total dividends for the year under review, including the interim dividend, amounted to 30 yen per share, unchanged from the previous year.

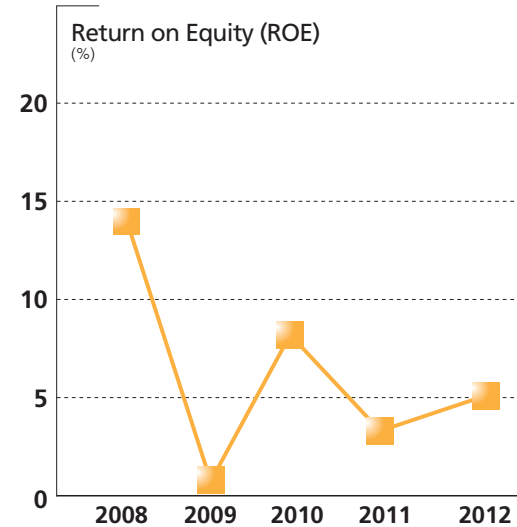
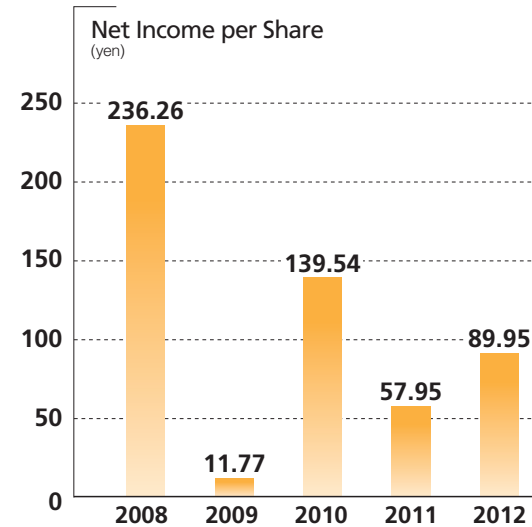
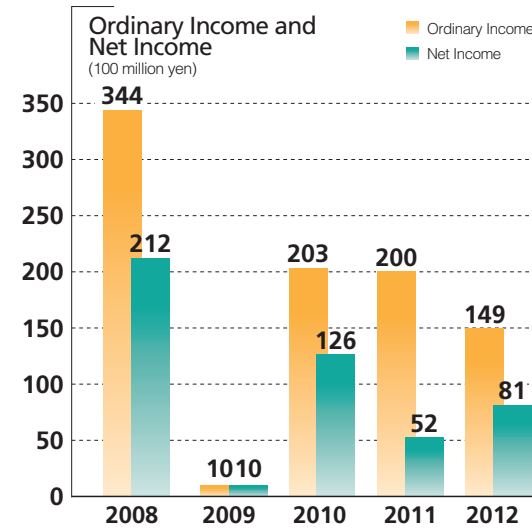
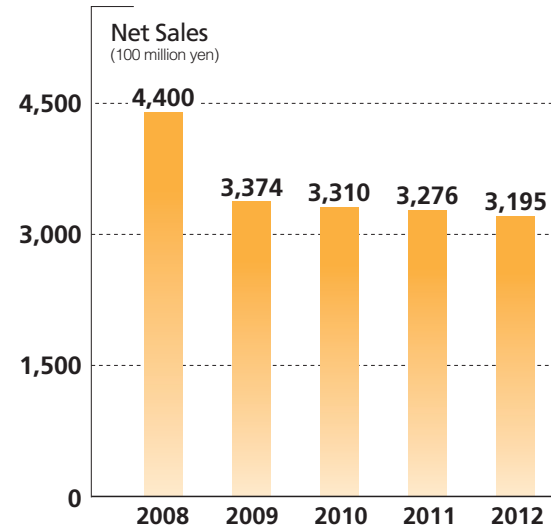
resolving regional issues and developing operations suited to the region. To reinforce the management constitution, we aim to establish a robust foundation by allocating resources made available through ongoing improvements and human resources development to high-value added processes and key measures.

With "speed," "execution," and "follow-up" as our watchwords, everyone in the Group is making a concerted effort to enhance quality and expertise so as to create products that anticipate emerging needs and are capable of ensuring that Tokai Rika Group flourishes far into the future. At the same time, we will strive to enhance corporate value by fulfilling our social responsibility, including legal compliance and social contribution.

In these endeavors, we request our shareholders to favor us with their continued support and guidance.

June 2012

» Consolidated Financial Highlights



» Business Performance by Geographic Region

Japan

Net sales decreased 3,540 million yen (1.5%) year on year to 229,833 million yen. Operating income increased 349 million yen (4.9%) to 7,462 million yen owing to aggressive rationalization despite the impact of the appreciation of the yen.

North America

Net sales decreased 4,364 million yen (7.6%) year on year to 53,429 million yen. Operating income declined 1,542 million yen (85.1%) to 270 million yen mainly owing to lower sales.

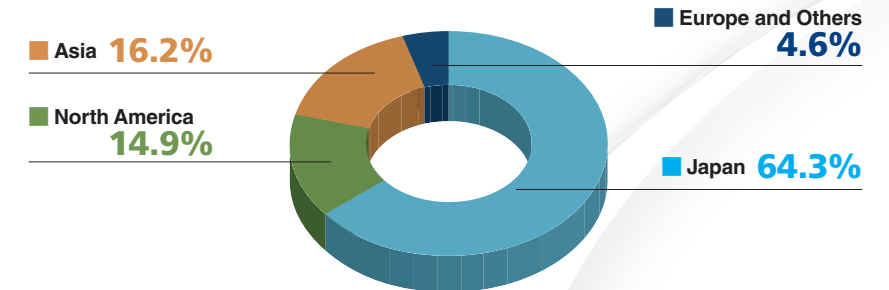
Asia

Net sales decreased 2,481 million yen (4.1%) year on year to 57,733 million yen. Operating income decreased 4,182 million yen (44.2%) to 5,270 million yen owing to lower sales and the impact of flooding in Thailand.

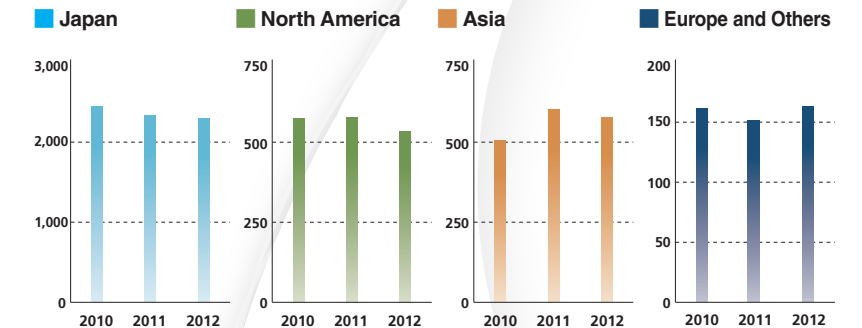
Europe and elsewhere

Net sales increased 1,173 million yen (7.7%) year on year to 16,370 million yen. Operating income dropped 249 million yen (82.7%) to 52 million yen.

Composition of Net Sales by Geographical Region

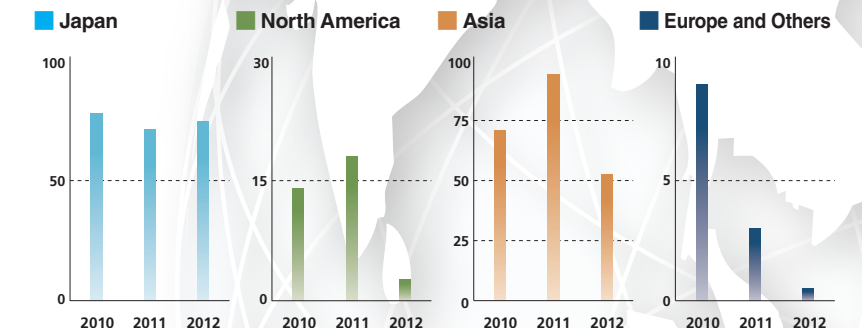


Net Sales by Geographical Region (100 million yen)



*Net sales include intersegment sales.

Operating Income by Geographical Region (100 million yen)



New Plating Equipment at TRBR, a Subsidiary in Brazil

New plating equipment introduced at TRBR INDUSTRIA E COMERCIO LTDA. (TRBR), our subsidiary in Brazil, which relocated to a new site in 2011, started operation in February 2012. Various switches such as Multi-Function Switches and Shift Levers have been produced at the subsidiary. With the addition of a plating process, TRBR now offers products with higher added value to customers.



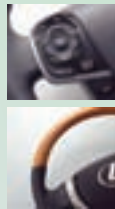
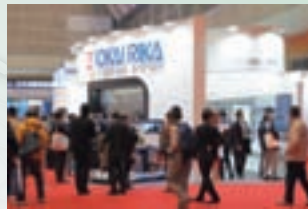
New Sled Tester Started Operations at the Safety Experiment Facility

The new sled tester installed at the safety experiment facility of the head office and plant has been in operation since April 2011. Capable of ultra-high-response tuning of waveforms of actual automobiles, this sled tester can flexibly respond to various evaluation tests. Simplified operation of the tester has resulted in improved operating efficiency.



Participation in the 42nd Tokyo Motor Show, where many visitors came to our booth

Tokai Rika participated in the 42nd Tokyo Motor Show held at Tokyo Big Sight in December 2011. With “watching,” “touching,” and “connecting” as our key words, we introduced products in various fields that connect people and automobiles, including steering switch simulators that gave visitors the opportunity to experience the pleasure and convenience of accessing driving information. Products showcased included the Bamboo Steering Wheel in the new Lexus GS and the Four-Directional Steering-Wheel-Mounted Controls in the Camry.



Balloon Release Charity Event to Support the Tohoku Region

On March 11, a year after the Great East Japan Earthquake, we held a charity event to support the Tohoku region, which was hit hard by the disaster. After the annual clean-up along a river, employees and their families wrote messages of encouragement on 100 white balloons that were released to raise the spirits of the people affected by the disaster, expressing the wish for reconstruction to be completed as soon as possible. The balloons, made of natural rubber, are biodegradable.



Human Machine Interface Systems, notably switches to accurately relay human commands, security systems to prevent unauthorized access to automobiles, and safety systems to protect human lives. In these domains where people and automobiles intersect, we deliver comfort, safety and security by fully utilizing the underlying electronics technologies.

Switch/Interface

Switches/Human Machine Interface Systems

Precise operability accurately conveying the drivers' commands, simplicity, and functional elegance are the hallmarks of our products.



Electro Shiftmatic



Multi-Function Switch

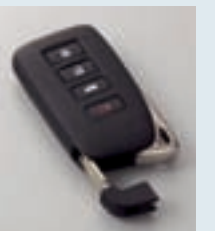


Push Start Switch

Security

Security Systems

Sophisticated mechanical and electronic anti-theft functions ensure both security and ease of use.



Smart Key Portable Device and Emergency Key



Remote Key and Receiver



Immobilizer

Safety

Safety Systems

Our safety devices include seatbelts to protect drivers and passengers in the event of collision, stylish steering wheels optimized for excellent handling, and mirrors that enhance visibility.



Seatbelt for Pre-Crash Safety System



Door Mirror with Side-Turn Lamp and Foot Illumination

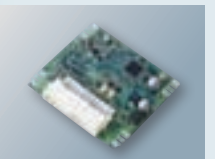


Real Wood Steering Wheel*

Electronics & Others

Electronics & Others

Automotive Electronics Products



Power Supply ECU



La Lock Hallway Immobilizer Key System

Automotive Accessories



We are a source of vehicle décor characterized by design flair. These products allow owners to enhance the appeal of their vehicles through customization.

We offer products for function control and status detection as well as various types of connectors in response to the continued computerization of controls in automobiles.

*The steering wheel business is co-operated with Toyota Gosei Co., Ltd.

» Consolidated Financial Statements

Consolidated Balance Sheets (Millions of yen)

	As of March 31, 2012	As of March 31, 2011		As of March 31, 2012	As of March 31, 2011
ASSETS					
Current assets	156,598	150,976	LIABILITIES	84,340	72,954
Cash and deposits	21,749	27,156	Current liabilities		
Notes and accounts receivable	54,954	41,643	Notes and accounts payable	50,240	38,716
Marketable securities	40,243	45,479	Accrued expenses	12,528	10,775
Inventories	23,004	22,460	Other	21,571	23,462
Other	16,645	14,235	Long-term liabilities	23,678	25,625
Fixed assets	116,619	108,727	Long-term borrowings	5,956	7,878
Tangible fixed assets	72,870	69,932	Liability for retirement benefits	16,752	16,748
Buildings and structures	25,617	26,173	Other	969	998
Other	47,252	43,758	Total liabilities	108,018	98,579
Intangible fixed assets	1,601	2,024	NET ASSETS		
Investments and other assets	42,147	36,771	Shareholders' equity	171,375	165,778
Total assets	273,217	259,704	Common stock	22,856	22,856
			Capital surplus	25,134	25,134
			Retained earnings	130,434	124,833
			Less: Treasury stock, at cost	(7,049)	(7,045)
			Accumulated other comprehensive income	(10,293)	(9,117)
			Net unrealized loss on available-for-sale securities	(278)	(42)
			Foreign currency translation adjustments	(10,015)	(9,074)
			Stock acquisition rights	777	662
			Minority interests	3,339	3,801
			Total net assets	165,198	161,125
			Total liabilities and net assets	273,217	259,704

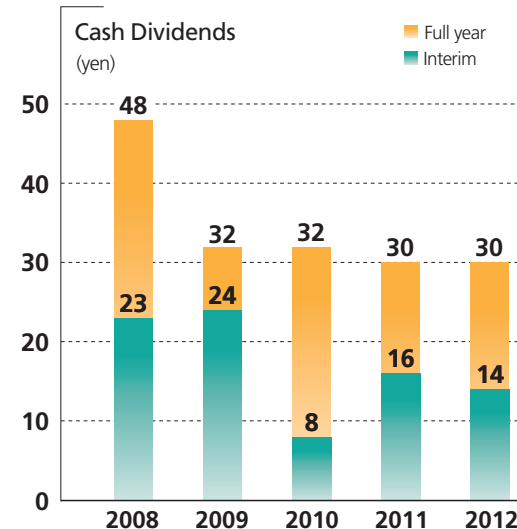
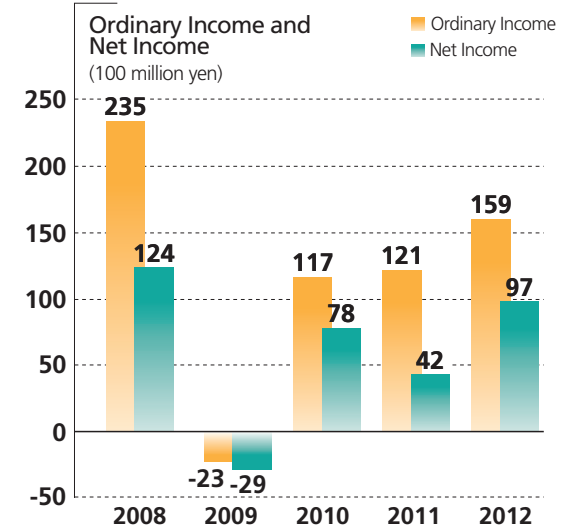
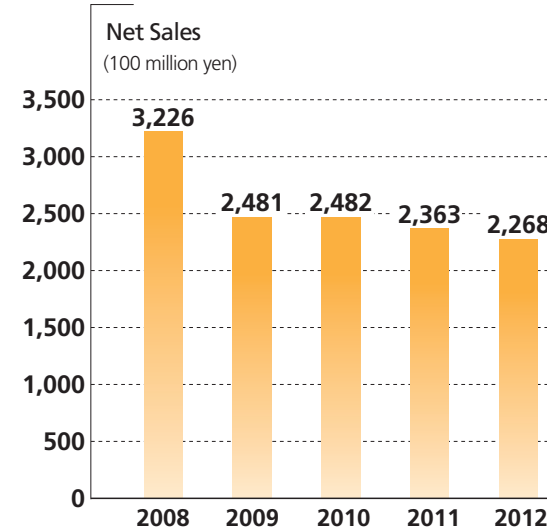
Consolidated Statements of Income (Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Net sales	319,577	327,622
Cost of sales	280,552	279,820
Gross profit	39,025	47,802
Selling, general and administrative expenses	25,868	28,895
Operating income	13,156	18,906
Non-operating income	2,364	1,582
Non-operating expenses	543	430
Ordinary income	14,977	20,058
Extraordinary gains	103	67
Extraordinary losses	524	12,719
Income before income taxes and minority interests	14,556	7,405
Income taxes-current	2,734	3,303
Income taxes-deferred	3,587	(1,819)
Income before minority interests	8,234	5,922
Minority interests in income	110	688
Net income	8,123	5,234

Consolidated Cash Flow Statements (Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flows from operating activities	13,833	30,956
Cash flows from investing activities	(22,341)	(11,428)
Cash flows from financing activities	(1,827)	(4,795)
Effect of foreign currency translation adjustments on cash and cash equivalents	(545)	(1,598)
Net increase in cash and cash equivalents	(10,881)	13,133
Cash and cash equivalents at beginning of year	67,462	54,329
Cash and cash equivalents at end of year	56,581	67,462

» Non-consolidated Financial Highlights



Year-end Cash Dividend

At the 65th annual general meeting of shareholders held on June 13, 2012, the Company's proposal to pay the year-end dividend to shareholders on the record date of March 31, 2012, was approved.

1	Year-end cash dividend	16 yen per share
2	Effective date for year-end dividend (payment commencement date)	June 14, 2012

» Stock Information (as of March 31, 2012)

Total number of shares

Total number of shares authorized to be issued: 200,000,000
Number of shares issued and outstanding: 94,234,171

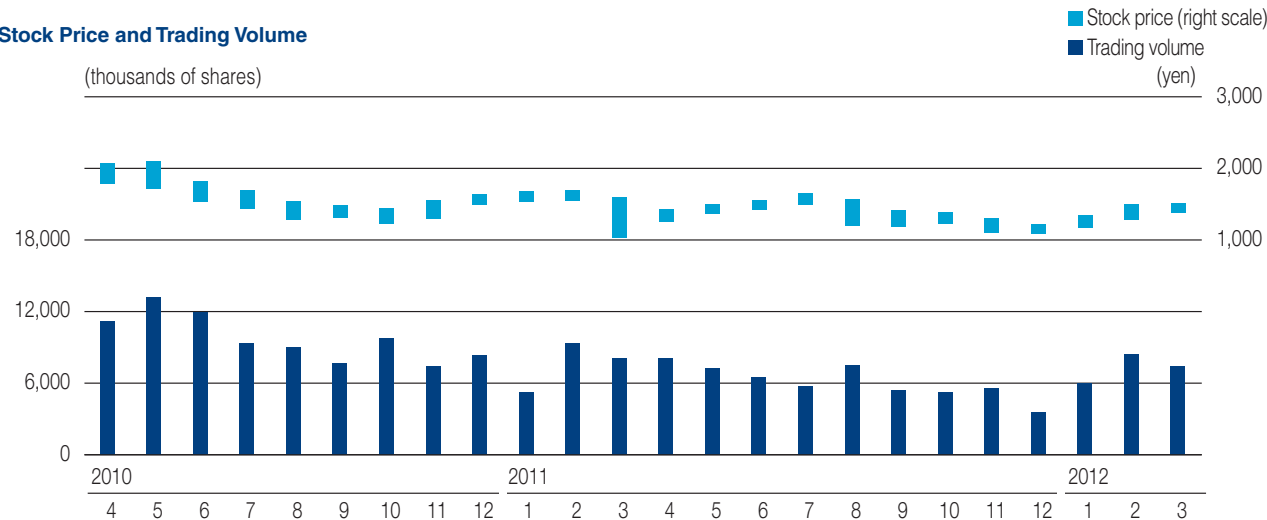
Number of shareholders: 8,950

Major shareholders (Top 10)

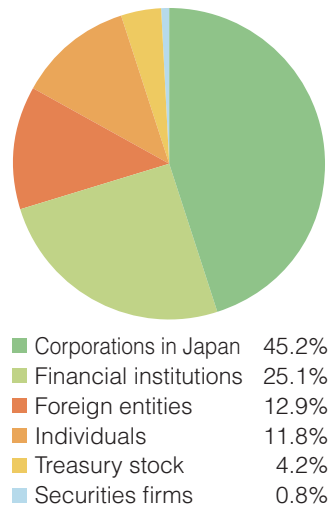
Shareholder	Number of shares (thousands of shares)	Equity participation (%)
Toyota Motor Corporation	29,367	31.16
Denso Corporation	8,839	9.38
Japan Trustee Services Bank, Ltd. (Trust Account)	5,052	5.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,352	4.61
The Dai-ichi Life Insurance Company, Limited	2,375	2.52
National Mutual Insurance Federation of Agricultural Cooperatives	2,367	2.51
Tokai Rika Employee Stock Ownership Plan	1,084	1.15
State Street Bank and Trust Company	902	0.95
Northern Trust Company AVFC Re Northern Trust Gandhi Irish Clients	818	0.86
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	797	0.84

Note: The Company holds 3,920 thousand shares of treasury stock but is excluded from the major shareholders stated above.

Stock Price and Trading Volume



Composition of Shareholders
by Shareholder Type



» Corporate Profile (as of March 31, 2012)

Corporate Overview

Paid-in capital:
22.8 billion yen

Number of employees:
15,663 (consolidated)
6,055 (non-consolidated)

Head office:
3-260 Toyota, Oguchi-cho, Niwa-gun,
Aichi 480-0195, Japan
Tel: +81-587-95-5211

Main plants and offices:
Head Plant, Toyota Plant, Otowa Plant, Hagi Plant
(These 4 plants are in Aichi prefecture.)
Tokyo Office (Yokohama), Osaka Office (Osaka)
Hiroshima Office (Hiroshima prefecture)
Tohoku Technical Center (Yamagata prefecture)

Consolidated subsidiaries:
28 (8 in Japan, 5 in North America, 11 in Asia, 4 in
Europe and elsewhere)

Affiliates accounted for by the equity method:
6 (3 in Japan, 1 in North America, 2 in Asia)

Executive Management (as of June 13, 2012)

*Chairman of the Board	Kiyoshi Kinoshita	Managing Director	Hitoshi Hirano
*President	Yuzo Ushiyama	Managing Director	Mikihiro Mori
*Executive Vice President	Kiyoshi Tsunekawa	Managing Director	Hiroyuki Nakamura
Senior Managing Director	Hitoshi Iwata	Managing Director	Masaharu Tanino
Senior Managing Director	Shoji Ishida	Managing Director	Kouji Buma
Senior Managing Director	Mineo Hattori	Managing Director	Yoshihiro Obayashi
Senior Managing Director	Tadanao Hamamoto	Director	Shinji Shirasaki
Senior Managing Director	Kenji Kawaguchi		
Senior Managing Director	Tadashi Wakiya		
Standing Corporate Auditor	Hiroshi Nishio	Corporate Auditor	Kyoji Sasazu
Standing Corporate Auditor	Yuji Nishimura	Corporate Auditor	Mitsuhisa Kato
		Corporate Auditor	Masaki Horie
Corporate Officer (with Managing Director status)	Mikio Kato	Corporate Officer	Masakazu Goto
Corporate Officer	Masaki Matsuyama	Corporate Officer	Yoshihiro Tanaka
Corporate Officer	Koki Sato	Corporate Officer	Toshimasa Yamamoto
Corporate Officer	Kazuhiko Noguchi		

Note: Persons marked with an asterisk (*) are representative directors.

Major Overseas Consolidated Subsidiaries and Affiliates

Consolidated Subsidiaries

TRAM, Inc.	U.S.A.
TRMI, Inc.	U.S.A.
TAC Manufacturing, Inc.	U.S.A.
TRIN, Inc.	U.S.A.
TRQSS, Inc.	Canada
Tianjin Tokairika Automotive Parts Co., Ltd.	China
Wuxi Risho Technology Co., Ltd.	China
Foshan Tokairika Automotive Parts Co., Ltd.	China
Rica Auto Parts Co., Ltd.	Taiwan

TRP, Inc.	Philippines
TOKAI RIKA ASIA CO., LTD.	Thailand
TOKAI RIKA (THAILAND) CO., LTD.	Thailand
Thai Seat Belt Co., Ltd.	Thailand
TOKAI RIKA MINDA INDIA Private Limited	India
PT. TOKAI RIKA INDONESIA	Indonesia
TRB Limited	U.K.
TRCZ s.r.o.	Czech
Tokai Rika Belgium N.V.	Belgium
TRBR INDUSTRIA E COMERCIO LTDA.	Brazil

Affiliates

TGR Technical Center, LLC	U.S.A.
Shinchang Electrics Co., Ltd.	South Korea
STF Co., Ltd.	South Korea
MINDARIKA PRIVATE LIMITED	India

Shareholder Information

Business year:	From April 1 to March 31 of the following year
Annual general meeting of shareholders:	June
Record date for distribution of surplus:	Year-end dividend: March 31 Interim dividend: September 30
Number of shares constituting one unit of stock:	100 shares
Stock code:	6995
Transfer agent:	Sumitomo Mitsui Trust Bank, Ltd. 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Ltd. 3-15-33 Sakae, Naka-ku, Nagoya Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Tel: 0120-782-031 (toll free in Japan) Website: http://www.smtb.jp/personal/agency/index.html
Listing stock exchanges:	Tokyo Stock Exchange, Nagoya stock Exchange
Method of public notice:	Electronic public notice at http://www.tokai-rika.co.jp/ If electronic public notice is unavailable, the Company shall post a public notice in the Nihon Keizai Shimbun.

Visit Our Website

The Tokai Rika Website provides a range of information on the Company. Public notices are also posted on the website. We encourage you to visit us online.

<http://www.tokai-rika.co.jp/>



Notice:

1. Receipt of uncollected dividends

Please contact the transfer agent Sumitomo Mitsui Trust Bank, Ltd.
Please note that under the Articles of Incorporation of the Company, the Company is not obliged to pay dividends unclaimed for three full years from the date on which they first became payable. You are requested to collect your dividends at your earliest convenience.

2. Address change, purchase and sale of shares constituting less than one trading unit, and specification of the method of receiving dividends

Please contact the securities firm with which you have your securities account. If you have a special account, please contact Sumitomo Mitsui Trust Bank, Ltd., which is the agent for managing special accounts.

3. Dividend Statement

A dividend statement sent by the company to shareholders upon payment of dividends also serves as the payment advice pursuant to the Act on Special Measures concerning Taxation. It may be used as evidence when filling a final tax return.

*Please retain the dividend statement for your final tax return.

